



Earned Income Tax Credit (EITC)

The EITC is a federal income tax credit for low-income workers who are eligible for and claim the credit. The credit reduces the amount of tax you owe, and may be returned in the form of a refund. The tax credit ranges from \$390 for an individual with no children, to \$4300 for a family with more than one child (2005 amounts). To claim the EITC, you must meet all of the following rules:

- Must have earned income
- Must have a valid Social Security Number
- Investment income is limited \$2,650 (2005 amount)
- Filing status cannot be "married filing separately"
- Generally must be a U.S. citizen or resident alien all year
- Cannot be a qualifying child of another person
- Cannot file Form 2555 or 2555-EZ (related to foreign earned income)

To claim the EITC you will need to file your annual tax return. If you are claiming the Earned Income Tax Credit, **without a qualifying child**, you can use the following forms: 1040, 1040 A, or 1040 EZ. If you are claiming the EITC, **with at least one qualifying child**, use either a 1040 or 1040A Form. In addition, an EIC Schedule will need to be completed and attached. If you would like the IRS to figure your EITC, insert "EIC" on the Earned Income Credit line on your tax form.

You can qualify for the EITC while receiving Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI). The EITC does not count as earned income for either program. However, you must continue to meet other requirements and work rules for those programs. There are no requirements specifying what you should do with the Earned Income Tax Credit. You can use the Earned Income Tax Credit in an Individual Development Account (IDA) or a Plan to Achieve Self-Support (PASS).

You can receive the EITC when you file your annual tax return, unless you are eligible for the Advance Earned Income Credit (AEIC). To be eligible for the AEIC you must have at **least one** qualifying child. The Advance Earned Income Credit allows you to receive monthly payments in your paycheck throughout the year. The remainder of the Credit will be disbursed when you file your annual tax return. The following are good resources for more information on EITC:

EITC Hotline: 1-800-755-5317 1-800-833-6388 TDD/TTY

<http://apps.irs.gov/app/eitc/SetLanguage.do?lang=en> – helps figure out if you are eligible and how much your tax credit will be

<http://www.cbpp.org/eic2005/eic05-factbook.df> - facts and information

<http://www.irs.gov/individuals/article/0,,id=96466,00.html> – frequently asked questions about EITC from the IRS